

**MINUTES
REGULAR MEETING
UTILITY SERVICE BOARD
NOVEMBER 16, 2009**

The Regular Meeting of the Utility Service Board of the City of Jasper, Indiana, was held in the Council Chambers of City Hall in Jasper at 7:00 PM on Monday, November 16, 2009.

The meeting was called to order by Chairman Alex Emmons.

UPON CALL OF THE ROLL, THE FOLLOWING WERE PRESENT:

Alex Emmons – Chairman
Wayne Schuetter – Vice Chairman
Rick Stradtner - Secretary
Greg A. Krodel – Gas Commissioner
Ken Sendelweck – Electric Commissioner

ALSO PRESENT:

Jerry Schitter – Electric Distribution Manager
Windell Toby – Electric Generation Manager
Michael A. Oeding – Gas & Water Manager
Ed Hollinden – Wastewater Manager
Bud Hauersperger – General Manager
Sandy Hemmerlein – City Attorney

ABSENT:

Doug Schulte – Water Commissioner
Mike Harder – Wastewater Commissioner

PLEDGE OF ALLEGIANCE (B-16)

Chairman Alex Emmons led the Pledge of Allegiance.

QUOTE OPENING: CHEMICALS FOR 2010 – GAS & WATER (B-23)

Sandy Hemmerlein opened the chemical quotes and read them aloud. Quotes were received from the following companies:

1. Alexander Chemical
2. American International
3. Applied Specialties
4. Brenntag Mid South
5. Chemical Resources
6. JCI Jones Chemical
7. Mississippi Lime

8. Sal Chemical Co.
9. Water Solutions

Mike Oeding asked to take the quotes under advisement and report back at the next meeting with a summary. Rick Stradtner made a motion for Oeding to take the quotes under advisement and report back at the next meeting. Wayne Schuetter seconded the motion. Motion approved, 5-0.

APPROVAL OF MINUTES (B-219)

Chairman Alex Emmons presented the minutes of the October 19, 2009, Regular Meeting and there being no corrections or amendments, asked for a motion to approve. Ken Sendelweck made a motion to approve the minutes of the October meeting as presented. Greg Krodel seconded the motion. Motion approved, 5-0.

2010 CAPITAL EXPENDITURE PLAN – ELECTRIC DISTRIBUTION (B-229)

Jerry Schitter presented his 2010 Capital Expenditure Plan to each Board Member and briefly reviewed each item. He invited the Board Members to contact him with any questions or concerns.

WHOLESALE ELECTRIC RATES FOR 2010 (B-283)

Schitter stated that IMPA has released their wholesale electric rates for the year 2010. There will be a 5.7% decrease in wholesale rates from IMPA to the City of Jasper. There will not be as big of a decrease passed on to the retail customer. Schitter estimates there will be a 4% to 4.5% decrease in rates to the actual customers. These decreases will begin with the usage from January 1, 2010 going forward. The decrease comes mainly from the downturn in the economy. If the demand for energy decreases, the prices generally decrease also.

BLACK AND VEATCH ARRIVED (B-308)

Windell Toby informed the Board that the people from Black and Veatch have arrived to begin their site inspection for the biomass study. They are impressed with what they have seen so far, but have much more research to do.

ELECTRIC PLANNING COMMITTEE REPORT (B-312)

Ken Sendelweck, Chairman of the Electric Planning Committee, stated the committee did not meet during the past month, but asked for an update on the progress of the biomass study.

Bud Hauersperger stated one conference call was done to update on the progress. Black and Veatch requested the information and/or documents they would need while they were in the City to do the site inspection. A list of possible biomass sources was compiled with the help of Bingham McHale. Hauersperger will be taking Black and Veatch around the City to the different manufacturers who are possible large biomass sources.

Bill Kaiser from Bingham McHale passed out summary information to each Board member that will also be provided to Black and Veatch. Kaiser said this is an ongoing process, but this is the information that was compiled prior to Black and Veatch arriving. Hauersperger said either

samples of the wood waste or previously compiled information from the manufacturers will be given to Black and Veatch for their analysis on the composition of possible biomass sources. Some of the manufacturers contacted burn their own wood, so they would not be a possible source.

There will be a meeting with Black and Veatch Tuesday afternoon to see if they feel like the project is on track or if there is a lot more information they need from the City.

Hauersperger stated that five engineers from Black and Veatch and four boiler experts from a subcontractor of Black and Veatch arrived today to begin the site inspection.

Ken Sendelweck advised that the project team stay focused and stick to the timelines of the end of December, if at all possible, after looking at the financial information that is coming in each month. Hauersperger said he is pushing Black and Veatch to keep the possible sources of biomass very flexible as there is no one and may never be only one definite biomass source. It could have to come from multiple sources.

2010 CAPITAL EXPENDITURE PLAN – GAS & WATER (B-534)

Mike Oeding presented his 2010 Capital Expenditure Plan to each Board Member and briefly reviewed each item. He invited the Board Members to contact him with any questions or concerns.

UPDATE ON STORAGE BUILDING (B-570)

Oeding informed the Board that this project is completed, except for some wiring work that still needs to be done. The doors, floor, and ceiling are all completed. The wiring work will be done in-house by the Electric Distribution Department.

UPDATE ON EASTOWN STATION PAVING (B-575)

Oeding stated that J H Rudolph is almost finished with their current project and the Eastown Station paving will be their next project, weather permitting. Oeding is hoping the paving will be started in the next few days and will be completed before winter.

UPDATE ON SLUDGE DISPOSAL (B-580)

Oeding said Commonwealth Engineers are still collecting some test results and reviewing them. They are still looking at the possibility of combining the Water and Wastewater Departments' sludge and land applying it to save on a permit.

ELIMINATED WATER LINES (B-583)

Oeding stated that all the water lines have been eliminated that run under the Patoka River and in front of the Mill. They were in bad shape and were cut off.

GAS PLANNING COMMITTEE REPORT (B-591)

Greg Krodel, Chairman of the Gas Planning Committee, stated the committee did not meet during the past month.

WATER PLANNING COMMITTEE REPORT (B-592)

Bud Hauersperger stated that the Water Planning Committee met on November 13th to discuss a loan from the Electric Department to the Water Department to cover some shortfalls in a couple of accounts.

There is a minimum amount required in the Operating and Maintenance fund due to the bonding requirements. This was previously maintained by transferring money from the Depreciation fund. This fund is depleted and is projected that in the next two months will require more money than the Depreciation fund contains.

This is a short-term loan until the new water rates kick in during the January billings. The term of the loan would be for two years, with a maximum draw amount of \$300,000. The money drawn would only be enough to cover the required account balances, so the loan could possibly be less than \$300,000.

The loan requires Common Council approval, so Hauersperger presented Resolution #USB 2009-10, which recommends the loan be approved by the Council. As outlined in the Resolution, the loan will be for a maximum of \$300,000 and must be paid in full by December 31, 2011. The interest rate on the loan will be same as what the Electric Department could have earned during that month investing their money. The first payment on the loan must be made no later than July 2010. This will give the Water Department a little time to build up the account balances before starting to pay off the loan.

Greg Krodel made a motion to approve Resolution #USB 2009-10, which recommends the loan to the Common Council. Rick Stradtner seconded the motion. Motion approved, 5-0.

Hauersperger said the second item discussed at the meeting was being contacted by Bingham McHale about becoming a possible plaintiff in a lawsuit against the manufacturers of the agricultural herbicide, atrazine.

The City has always been well below the allowable levels from the EPA for atrazine in the water, but the law firm leading the case thinks all atrazine should be removed from the water with methods such as Granular Activated Carbon (GAC) systems, of which Jasper has been doing since 2001. The law firm believes water treatment facilities should be reimbursed from the manufacturer of atrazine for costs for this expensive system.

The Committee recommends becoming a plaintiff, as it feels there could be some money awarded to the City to help pay for ongoing treatment costs. The law firm expects to have close to 60 plaintiffs in the case. There would be no upfront cost to the City unless a recovery is received, of which the amount owed by the City could not be more than the amount awarded. An opt-out clause will also be added to allow the City to back out of the lawsuit at any time with no money being owed.

Sandy Hemmerlein said joining the lawsuit also needs approval from the Common Council, since it will be the City of Jasper becoming a plaintiff. The goal of the lawsuit is not to ban the use of atrazine, but to remove as much atrazine from the water as possible.

Ken Sendelweck made a motion to recommend becoming a plaintiff in this litigation against the manufacturers of atrazine to the Common Council. Rick Stradtner seconded the motion. Motion approved, 5-0.

2010 CAPITAL EXPENDITURE PLAN - WASTEWATER (B-755)

Ed Hollinden presented his 2010 Capital Expenditure Plan to each Board Member and briefly reviewed each item. He invited the Board Members to contact him with any questions or concerns.

RESULTS OF LOADER BACKHOE QUOTE OPENING (A-62)

Hollinden stated the low quote from K & W Equipment for \$15,575 did not meet the specifications sent out in many different respects. This backhoe was a smaller unit, an 84 horsepower, instead of the requested 90 horsepower. It also had 28 gallon per minute hydraulics instead of the requested 38 gallon per minute. It has a single bucket cylinder, instead of a dual bucket cylinder. Under the warranty section, the Wastewater Department would also have to pay for travel time and mileage to the nearest service center in Evansville.

The next lowest quote from Hopf Equipment for \$17,850 did meet the specifications and Hollinden asked for permission to order this loader backhoe.

Wayne Schuetter made a motion to approve the quote from Hopf Equipment for the loader backhoe for \$17,850. Greg Krodel seconded the motion. Motion approved, 5-0.

WASTEWATER PLANNING COMMITTEE REPORT (A-104)

Ed Hollinden, Manager of the Wastewater Department, stated the committee did not meet during the past month.

2010 CAPITAL EXPENDITURE PLAN – BUSINESS OFFICE (A-107)

Bud Hauersperger presented his 2010 Capital Expenditure Plan to each Board Member and briefly reviewed each item. He invited the Board Members to contact him with any questions or concerns.

FINANCE COMMITTEE REPORT & PRESENTATION OF CLAIM DOCKET (A-128)

Rick Stradtner reported the Finance Committee had met and reviewed the claims on the Claim Docket.

The Finance Committee recommended approval of the claims as presented.

Ken Sendelweck made a motion to approve the claims as presented. Wayne Schuetter seconded the motion. Motion approved, 5-0.

COMMENTS FROM KEN SENDELWECK (A-150)

Ken Sendelweck commended the managers for cutting back their initial Capital Expenditures for 2010 and urged them to cut back even more wherever they could. Due to the financial strain on the Utilities and the economy, we need to cut back whenever feasible, until things truly improve.

Chairman Alex Emmons agreed with Sendelweck and asked the managers to do the same.

There being no further business to come before the Board, the meeting was adjourned at 8:08 PM upon motion by Wayne Schuetter and second by Greg Krodel. Motion approved, 5-0.

The minutes were hereby approved _____ with _____ without corrections this _____ day of _____, 2009.

Attest: _____
Secretary Chairman